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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 002485

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E.O. 12958: DECL: 07/24/2031

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SUBJECT: DIRECTOR MEETS KMT TAIPEI MAYORAL CANDIDATE HAU
LONG-BIN

Classified By: Director Stephen M. Young, Reason(s): 1.4 (B/D).

¶1. (C) KMT candidate Hau Long-bin told the Director on July 20 that he expects to win the Taipei mayoral election in December, but the contest between him and DPP candidate Frank Hsieh will be much closer than current polling suggests. If elected mayor, Hau will focus on environmental improvements, public construction, and the rededication of Songshan domestic airport as a hub for direct flights to the mainland, once cross-strait hurdles are removed. Hau said KMT Chairman Ma Ying-jeou will be the party's presidential nominee in 2008 because no one else has his star power or clean reputation. End Summary.

Soong Will Enter Race

¶2. (C) Hau predicted during his July 20 meeting with the Director that PFP Chairman James Soong will run for mayor, primarily to use his candidacy as a bargaining chip in future dealings with KMT Chairman Ma Ying-jeou. Hau confided that the "mainstream" of the KMT does not consider Soong a real threat, but some within the party think Ma should negotiate with Soong to prevent him from splitting the party in the 2008 presidential race. Hau, who described his relationship with Ma as "good" (but not close), said Ma refuses to negotiate with Soong because Soong now has so little to offer. Hau did not offer any opinions on what Soong might actually want from the KMT. (Comment: Others have suggested Soong would promise not to run for president in 2008 if Ma agreed to withdraw Hau and to support Soong's candidacy for Taipei mayor. We doubt if Ma sees any merit in this offer, as Soong's limited appeal would almost certainly end up losing the capital city for the blues. End Comment.)

¶3. (C) Hau said his camp has heard that Soong expects to win as many as 100 thousand votes in the election, from an expected 70 percent voter turnout of 1.4 million. Hau's senior campaign advisor, National Taiwan University professor Zhuang Wen-si, discounted Soong's likely take to around five percent (60 thousand votes), but said five percent could be decisive in a close race. The Director remarked that the most recent public opinion poll put Hau comfortably in first place with 63 percent, compared to DPP candidate Frank Hsieh's 27 percent and Soong's 8 percent. Hau said he expected the race to become much closer after Hsieh's

campaign got underway, with Hsieh coming within five to ten percent shortly before the December 9 election. Hau added that Soong sees this mayoral race as his last chance at a comeback, and will enter despite the virtual certainty of a humiliating defeat.

14. (C) Hau professed to be unconcerned that the recent reopening of the bribery/kickback scandal surrounding Taiwan's purchase of several French-made Lafayette frigates might affect his campaign for Taipei mayor. Hau's father, former KMT Premier Hau Pei-tsun, was involved in the decision to purchase the French vessels over South Korean and other competing ships, and was recently called to testify on the matter. Hau asserted his father is innocent of any wrongdoing. Because the scandal is six years old, Hau said, minds have already been made, and the reopening of the case will do little to change pro- or anti-Blue opinions set years ago.

Hsieh Wins Even if He Loses

15. (C) The DPP pushed Hsieh into the race for Taipei mayor, Hau opined, but Hsieh, who needs a public platform to position himself for a 2008 run at the presidency, has his own reasons for entering. Furthermore, Hau continued, since no one expects the DPP to win the Taipei election, Hsieh will raise his standing within the DPP by making this "sacrifice" for the party, as long as he isn't beaten too badly.

Coming Back to the KMT

16. (C) Hau, a former New Party member and Environmental

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Protection Administrator during President Chen's first term, said the KMT and New Party have always enjoyed "close" collaboration. Hau explained that the New Party considers itself to be the "true" KMT, having split from the KMT in 1995 over disputes with then-chairman Lee Teng-hui. Hau said he had always intended to return to the KMT when its integrity had been restored. The Director remarked that the youthful-looking Hau and Chairman Ma seemed to have much in common, and asked whether Hau had encountered resistance to his mayoral candidacy from the KMT "old guard." Hau said he had experienced little friction with the KMT older generation, but he added that Ma Ying-jeou does face some difficulties from competitors within the Pan-Blue camp, namely James Soong, Honorary Chairman Lien Chan, and KMT LY Speaker Wang Jin-pyng. Hau said he expects these tensions to be resolved before 2008 because Ma is the only "superstar" in the party, and no one can compete against him. This is especially so, Hau said, because Ma is the "cleanest" member of the party, and he stands in sharp and favorable contrast to the corruption which seems to have riddled the DPP.

Pride Cometh Before a Fall?

17. (C) Because the KMT appears to be so dominant now, the Director asked, could it become overconfident? If second-tier potential candidates believe even they could defeat the DPP opponent, is there a risk others might challenge Ma for the nomination? Hau said Pan-Blue voters have learned their lesson from past setbacks, and will cull weaker candidates during the party primary process. As for potential Blue candidates, Hau said he is not worried about Lien Chan entering the presidential race, but is less sure about Wang Jin-pyng, who might be angling for the vice presidential slot on Ma's ticket.

Campaign Promises

18. (C) If elected mayor, Hau's top priority will be to clean

up the Taipei environment, particularly the Danshui river, and to improve and expand upon several ongoing large-scale construction projects, including the Taipei Metro system. The Songshan domestic airport should become a hub for direct flights between Taipei and Shanghai, Hau said, or, failing that, between Taipei and Macao or Hong Kong. Hau said he also intends to implement a "zero-tolerance" anti-crime policy, and to improve the performance and attitude of Taipei's civil service corps.

Comment

19. (C) Of the three mayoral candidates, Hau comes across as the most self assured in discussing his plans for Taipei, talking confidently about improving transportation and environmental aspects of this thriving capital city if elected. By contrast, Hsieh and Soong give the impression they are primarily trying to leverage their participation in the race for broader political goals, a perception that may hurt them with sophisticated Taipei voters.

YOUNG